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International Issues

REGIONAL AND POLITICAL ANALYSIS

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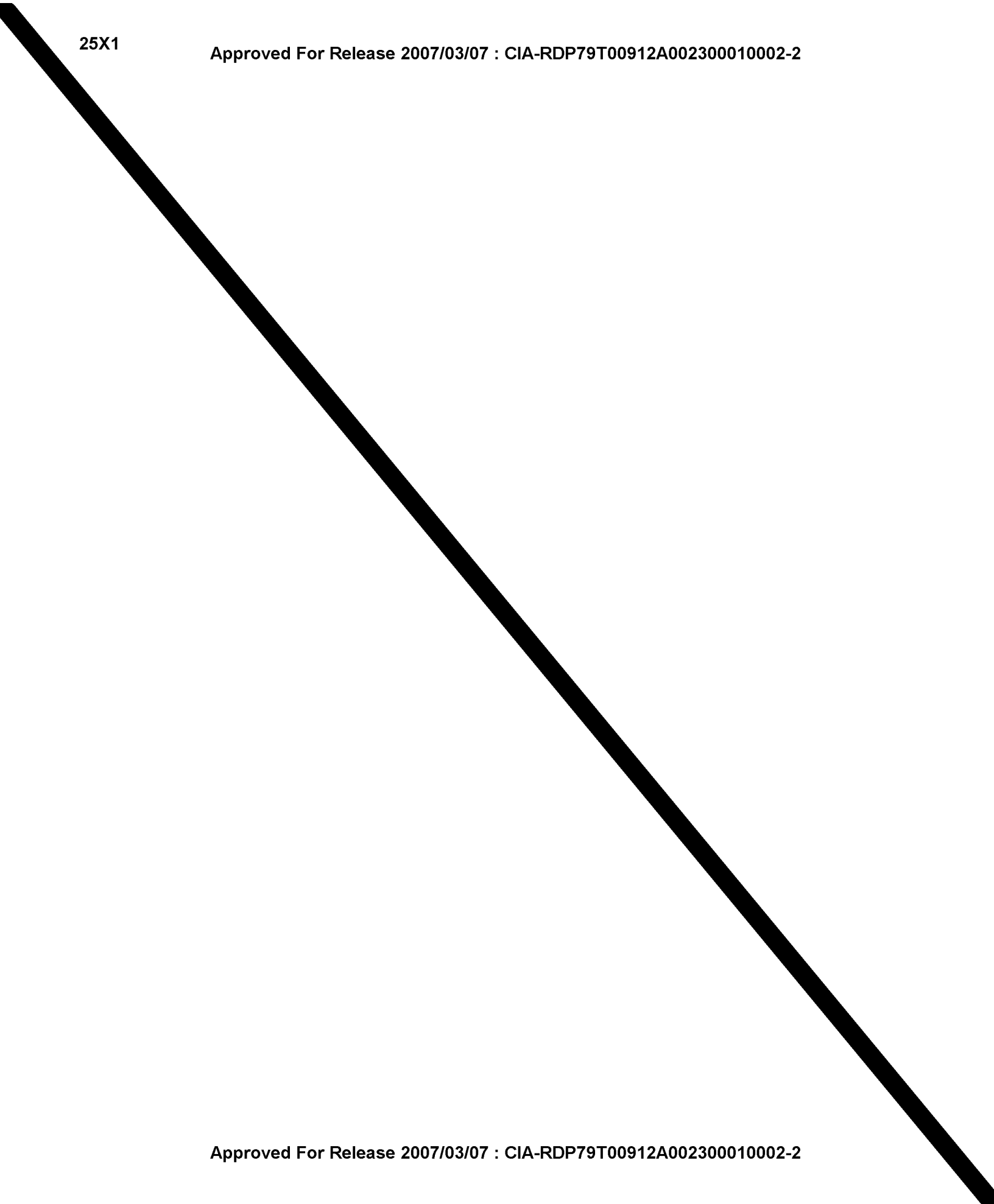

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INTERNATIONAL ISSUES

20 April 1977

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This publication is prepared by the International Issues Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the Directorate of Intelligence. The views presented are the best judgments of individual analysts who are aware that many of the issues they discuss are subject to alternative interpretation. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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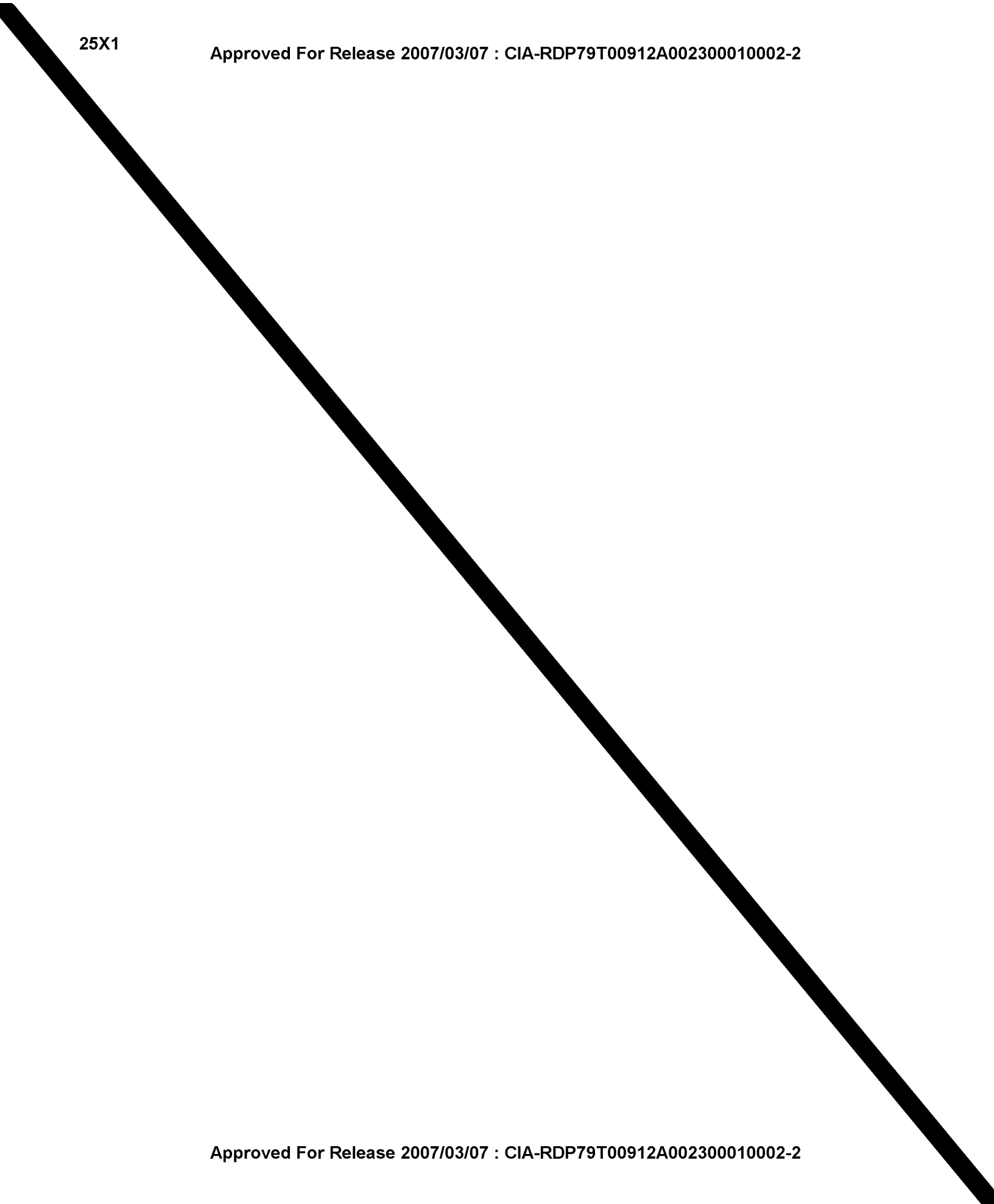

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Impact of the US Stand on Human Rights

Initial international skepticism about the seriousness of the new US administration's commitment to the fostering of human rights has been dispelled by presidential statements and US initiatives in bilateral relations and international forums. Considerable confusion and suspicion over US motives persist, however, and there is apprehension over the lengths to which the US may be prepared to go in pursuit of human rights objectives. This article first assesses regional reaction to the US stand and then explores implications and prospects.

Introduction

The administration's stand on human rights has spearheaded efforts to reexert US moral leadership in world affairs. It has focused international attention on the issue, stimulated thought and debate, and increased popular awareness. The US stand has been heartening to many of those who feel oppressed by tyrannies of either the right or left. Expansion of the horizon of the UN Human Rights Commission beyond its limited list of usual concerns in response to US initiatives could serve as a first step toward more meaningful work by that organization.

US initiatives, moreover, have prompted several governments to move toward bettering their human rights performance. This has occurred principally where the regime has been anxious to preserve cooperative relations with the US, has not felt publicly challenged or specifically pressured by Washington, and is relatively confident about its internal security situation.

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Even in these cases, however, there has been a notable reluctance to accept the US stand at face value. Public expressions of understanding about US concerns have been matched by private assessments of Washington's emphasis on human rights as a ploy designed to prod other countries into comporting themselves in accordance with US policies generally.

Attribution of such ulterior motivation, the connection of human rights to other issues, and a marked propensity to interpret US pronouncements and actions in egocentric terms have been characteristic reactions of countries with the most cause for unease over the US stand. Repressive practices have intensified in some cases, and bilateral relations have suffered in a number of instances.

There is enthusiastic support for the US stand in some countries, but in many cases it is coupled with considerable worry over the potential for adverse international political consequences. Applause for Washington's espousal of human rights principles, therefore, is not always accompanied by approval of specific US initiatives.

A broad range of political relationships important to the US thus has been complicated by the addition of what many foreign observers view as a new element of uncertainty in international affairs. The ensuing discussion explores the impact that the US stand has had on human rights practices and international politics in more detail, and examines some implications for the future.

The Communist World

The Soviets, perplexed and concerned over Washington's human rights initiatives, tend to view the US stand as aimed primarily at them. Even sophisticated Soviet observers reportedly suspect US actions are part of a campaign to undermine their political system. The Soviets may choose to cite lack of US criticism of China's human rights record in support of this interpretation.

Moscow already seems reconciled to the fact that--contrary to its previous expectations--this is unlikely to be a banner year in Soviet-US relations. The Soviets have protested vehemently that certain actions related to human rights constitute unacceptable interference in their internal affairs, and there have been numerous warnings that bilateral relations could suffer serious--though unspecified--damage as a result of the US stand. Thus far, however, the Soviets have limited themselves to reactions deemed sufficient to make their points without severely damaging ties with the US.

Hints at the possible spillover of Soviet displeasure into SALT, for example, continue to be accompanied by explicit signals that SALT is a separate issue where progress can be achieved. The human rights controversy complicated the recent SALT negotiating session, but by no means did it foredoom Secretary Vance's mission. Had the substance of US proposals been more to the Soviets' liking, they undoubtedly would have reacted accordingly--despite their annoyance with the US over the human rights issue. Nevertheless, at least for tactical reasons, they are likely to continue to point to the US human rights stand as a major impediment to progress on the whole range of bilateral issues.

Moscow is anxious to disabuse the US of the notion that public urgings on human rights will help Soviet dissidents and to convince the dissidents that pleading their cause to the West will be counterproductive. Some of the dissidents have reportedly been encouraged by US initiatives despite the fact that they anticipate intensification of repressive measures in the immediate future. Approval of the US stand among Soviets interested in bringing about changes in their society tends to vary directly with the degree to which they feel alienated from the system.

Moscow is eager to make the revolution's 60th anniversary in November and the events leading up to it bright landmarks in Soviet history and is concerned that the celebrations could be tarnished if the West vigorously presses the issue of "Basket III" (human rights) implementation at the Belgrade CSCE meeting that begins in June. Efforts to stifle dissident activity before and

during the CSCE sessions are likely to coincide with the dissidents' own realization that it is a propitious time internationally to publicize their various causes. The dissidents also realize, of course, that the risk to individuals of regime reprisals has increased as well.

Soviet authorities already have significantly increased pressure on the dissidents, and attempts to intimidate them through arrests and threats will continue. There are indications that where dissidents actually are brought to trial, Moscow may try to blunt accusations of human rights violations by forgoing political charges (e.g., anti-Soviet agitation and propaganda) and concentrating on criminal counts, such as currency offenses.

Another serious worry for Moscow is that agitation over human rights could exacerbate existing or anticipated control problems in Eastern Europe, especially in Poland, and to a lesser extent in East Germany. Like the Soviets, the East European regimes seem puzzled by the US stand and somewhat off balance.

There is disagreement within and among the East European regimes on their most immediate problem: how to handle the most serious wave of dissident activity in the last several years--activity that promises to become bolder as the CSCE meeting approaches. Regimes with the least serious dissident problem (i.e., Hungary) or who believe a hard line would be counterproductive in their particular circumstances (i.e., Poland) have been resisting pressure from the Soviets for a crackdown. They have been arguing that party leaders in individual countries are in the best position to determine a proper course of action in light of local conditions. Thus far, the Soviets appear to have listened to these arguments and tolerated some measure of diversity in handling dissent. There is no evidence so far that the US human rights stand has had a significant impact on the tactics of the East European regimes for dealing with their dissidents.*

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The East Europeans do seem genuinely worried, however, over the possibility of US human rights initiatives provoking Soviet movement away from detente and over the adverse implications such a development would have for them both economically and politically. The East European press has been highly critical of the US stand and has counterattacked with condemnations of alleged injustices in the US and US disregard for "economic and social" rights. This type of criticism has become more pointed since a meeting of Warsaw Pact party secretaries in early March, undoubtedly reflecting a decision to harden the propaganda line.

China is the only Communist country that seems to have derived some satisfaction from the US stand. Peking clearly has taken heart from recent difficulties in US-Soviet relations, and the Chinese see Washington's attitude on human rights as possibly signaling a toughening US stance toward Moscow generally. The Chinese thus far appear unconcerned about their own vulnerability on the human rights issue, but Peking probably has some private misgivings on this score. This may explain the failure of Chinese media to highlight the human rights controversy despite Peking's usual penchant for emphasizing US-Soviet differences.

Indeed, initial Chinese enthusiasm may have been tempered by realization that the status of human rights in China could become a controversial issue in the US and complicate the process of normalizing Sino-US relations. The "freedom of emigration" provision of the 1974 Trade Act could, for example, adversely affect US extension of Most Favored Nation status to Peking. The Chinese may also be concerned over the Soviets' increasing their influence at Washington's expense among third world countries offended by US human rights initiatives.

The Industrial Democracies

There is broad approval in principle of the US human rights stand in Western Europe, Canada, and Japan. A joint declaration of the European Parliament, the EC Council, and the EC Commission signed early this month strongly reaffirmed the signatories' commitment to the enhancement of fundamental rights and individual freedom.

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Among the industrial democracies, however, there is also a strong inclination to temper actions based on such declarations with practical considerations.

Leaders of these countries tend to define international issues on which the US takes a comprehensive global approach in more parochial terms. Thus, the Europeans see the human rights issue mainly in terms of East-West relations while the Japanese are primarily concerned with how the US stand will affect US policy and Japanese interests in Asia.

The Europeans are concerned that US human rights initiatives risk causing--perhaps in ways now unforeseen--a deterioration in East-West relations that would have a more damaging impact on Western Europe than on the US. As a result, government leaders have displayed a decided preference for pursuing human rights objectives with quiet diplomacy and behind-the-scenes approaches.

Britain's Prime Minister Callaghan may have indicated to the Soviets that the strong speech on human rights delivered by Foreign Secretary Owen in early March did not herald a major change in UK policy. French officials reportedly are worried about preserving what remains of the Franco-Soviet "special relationship," and they are anxious to maintain a propitious atmosphere for Brezhnev's coming visit to Paris. Traditional reluctance to appear to be following any US lead may also figure in France's reticence. In Germany, Chancellor Schmidt has declared that Bonn will seek to advance the cause of human rights in its own--i.e., low-key--way.* Among the smaller West European nations, willingness to be outspoken on the human rights issue seems to vary inversely with physical proximity to the Soviet Union.

Latin America

US human rights initiatives have aroused considerable resentment in several Central and South American

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countries ruled by military regimes that have felt directly challenged. They have denounced US statements and actions as unwarranted and unacceptable interference in strictly internal affairs.

Argentina and Uruguay rejected all US military assistance after Washington linked aid cuts to human rights violations in those countries. Brazil, already angered by US pressure to modify its nuclear deal with West Germany, condemned the State Department's preparation of a report on its human rights practices* as an affront to its sovereignty and renounced the 1952 military assistance agreement. Guatemala and El Salvador have also rejected military assistance conditioned on US judgment of their human rights situations.

The Latins are angered by what they regard as US failure to understand and make allowances for their political and internal security problems. The Southern Cone military regimes, especially, are convinced that their countries' experiences with political disintegration, insurgency, and terrorism fully warrant tough internal security measures. The Argentines, for example, insist that they will not deviate from the practices they deem indispensable in their continuing war with leftist terrorists no matter what outside criticism they incur.

The Latins also believe the US has failed to give them credit for incremental improvements in their human rights practices. Brazilian President Geisel reportedly is particularly upset on this score, and Chile's military leaders now seem convinced that no ameliorative action they take will be sufficient to satisfy their critics. The human rights controversy may have complicated Geisel's personal efforts to prevent excesses by Brazil's security forces, and the Chilean junta has recently taken a still harder line against political activity and expression.

The military regimes now appear determined not to take any action that could be construed as caving in to

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* *One of 82 such reports submitted to Congress in accordance with Section 301 of the International Security Assistance and Arms Export Control Act of 1976.*

US pressure. Significant improvement in their human rights practices is likely to come only when they believe such action is compatible with their internal security situations and when there is no danger of appearing to be responding meekly to Washington's wishes.

The Latins remain resentful over the fact that they were not considered important enough to US interests to be treated specially (e.g., like South Korea). They have questioned US qualifications for making international moral judgments and have voiced suspicion that the US has ulterior motives for its human rights stand. The latter view is particularly strong in Brazil, where the human rights issue is viewed as an adjunct to US pressure on nuclear matters.

The Southern Cone regimes have been commiserating with each other, and they reportedly are considering joint moves to convince the US that it has seriously underestimated the costs of alienating them. There are also indications, however, that the Latins would prefer to forgo polemics and halt any deterioration in their relations with Washington. This appears to be the case even in Brazil, where President Geisel reportedly has reacted positively to a recent letter from President Carter.

Latin reaction to the US stand has not, of course, been entirely negative. Venezuela and Costa Rica, two of Latin America's few remaining democracies, have strongly endorsed US initiatives.

East Asia

The US stand has been met with a noticeable lack of enthusiasm in most of East Asia, where with the exception of Japan all states are ruled by authoritarian regimes that impose significant restrictions on human rights. The nations with the closest political, economic, and security ties to the US--those that feel most vulnerable to US pressure--seem to have the most negative attitudes.

South Korea's sensitivity on the issue is reflected in a trend begun last November selectively to ease pressures on dissidents and reduce overt police surveillance. The press is enjoying greater latitude in its handling of foreign news, prison conditions for key political

figures have improved, and the goverment has forgone punishment for a number of protesters. A spate of arrests in mid-April probably was meant as a warning to those inclined to increase anti-government activity during the April 19 independence day period. Seoul shows little interest in modifying its authoritarian style of rule which, it argues, is needed to ensure stability in the face of the North Korean threat.

The Marcos government in the Philippines is quite concerned over the potential implications of the US emphasis on human rights. Manila's vulnerability on the issue is one reason Marcos would like to receive rent payments for US bases rather than payment in the form of military assistance subject to annual congressional scrutiny.

Indonesia is anxious to preserve good relations with the US, especially the continuance of military aid. Government officials have publicly expressed understanding of US initiatives, and Jakarta has announced an accelerated timetable for the release of political prisoners. Privately, however, the Indonesians interpret US emphasis on human rights as one ploy in a series designed to force their country to cooperate with the US, particularly on petroleum issues. There is resentment of US interference in what the Indonesians maintain is essentially an internal matter.

The government on Taiwan is trying to avoid giving the US cause to focus on human rights practices there, but the mainland Chinese political establishment remains determined to suppress ethnic Taiwanese opposition. Taiwan will undoubtedly be tempted to try to turn the issue to its own advantage by calling attention to the human rights situation in the People's Republic of China.

Africa

Almost every African government is vulnerable to criticism on the human rights issue, but reactions to the US stand have been varied. The white minority regimes in Southern Africa have for the most part maintained a discreet and cautious silence. This reflects Rhodesian and South African apprehensions about the prospects they see for US and international pressures for changes in their discriminatory racial policies.

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Ethiopia feels it has been unjustly singled out as a human rights violator, and there is displeasure over the US aid cutback. But poor bilateral relations are mainly reflective of the revolutionary socialist regime's generally unfavorable attitude toward the US.

The US emphasis on human rights has been strongly endorsed by Nigeria, Cameroon, and Gambia. Most black African states are, in fact, likely to applaud US concern for human rights so long as they believe its primary effect will be to foster US support for majority rule in Southern Africa. The focusing of US attention on the internal situations of black African states other than Uganda, however, would with very few exceptions be much less appreciated.

Middle East

There is an analogous reaction in the Middle East, where the Arab states tend to define human rights strictly in terms of concern over Israel's settlement policy in occupied territories, the fate of Arab prisoners in Israeli jails, and recognition of the "legitimate rights of the Palestinian people."

The Arabs will react positively to the US stand so long as its principal effect in the Middle East is the focusing of US attention on such issues, rather than on human rights practices (especially the treatment of minorities) in Arab countries.

The Israelis, of course, are concerned over the possible implications of increased US interest in their treatment of Arabs in the occupied territories. On the other hand, the Israelis apparently believe the US will be inclined to support initiatives they may take to focus international attention on Soviet harassment of Jews who have asked to leave the USSR.

Prospects

The impact that US human rights initiatives will have on international politics over the next several months will depend in large part on how forcefully the US chooses to press the issue. Repeated protestations as to the universality of US concerns are in any case

unlikely to dissuade most of the vulnerable governments from continuing to interpret even general US actions or pronouncements as attacks directed particularly against them.

The Soviets will continue to seek wide-ranging support for their contention that comments by one state about the human rights situation in another constitute impermissible interference in internal affairs. They may not be content with continued reliance primarily on this essentially defensive line, however, and they could try to turn the issue against the US with allegations of past domestic and international misdeeds, present injustices, and socio-economic inequities in US society. But the Soviets would probably prefer to avoid direct polemical battles that would further dramatize the human rights issue, and they would be likely to couple any such campaign with private signals that bilateral relations would be better served by mutual restraint.

Another likely Soviet tack will involve continued efforts to convince US and West European leaders that the controversy over human rights threatens to complicate the tasks of Soviet leaders committed to the furtherance of detente. The obviously self-serving nature of this argument does not mean that it has no basis in fact. Nonetheless, Brezhnev is adept at turning seemingly adverse developments to his own advantage, and it could be that he has been able to use the human rights issue to deflect attention from serious domestic economic difficulties.

In preparation for the coming CSCE sessions, the Soviets will also be trying to convince the West Europeans that degeneration of the meeting into an acrimonious exchange of charges on implementation of the Helsinki final act would be a severe setback for detente. There are indications that many West European leaders are already worried on this score and do not want the Soviets to be "put in the dock" at Belgrade. The Soviets may, in fact, believe that the asymmetry of US and West European perspectives on human rights can be exploited to create controversy and tension within the Atlantic Alliance.

Other countries that have reacted most negatively to US human rights initiatives seem to be hoping for a "cooling off" period that would permit a resumption of less antagonistic bilateral relations and allow them to develop strategies for coping with the new situation. This is especially the case in Latin America, where recent congressional testimony by Assistant Secretary of State Todman and Human Rights Coordinator Derian has been interpreted as signaling that significant changes in US tactics for pursuing human rights objectives are in the offing. Disappointment of such expectations would give added impetus to the Southern Cone countries' discussions about convincing the US that they are vitally important to its interests. They too reportedly have been considering ways in which the human rights issue could be turned against Washington.

Countries that might be vulnerable on the human rights issue but have not felt particularly pressured by US initiatives probably would also appreciate a more restrained US approach. Iran, for example, vigorously rejects accusations that it systematically violates human rights, but Tehran still is concerned that relations with the US could be damaged by controversy over its practices. The Iranians contend that the US is itself subject to criticism on a number of points.

Actions or pronouncements interpreted by other nations as heralding the focusing of US attention on their human rights practices are likely to increase complaints of US interference in strictly internal affairs. Attacks on US practices and motives, on such matters as US failure to ratify international human rights covenants like the Genocide Convention, and on Washington's maintenance of a double standard on human rights where US strategic interests are involved, would probably also increase in number and intensity. Criticism of alleged US disinterest in the world wide advancement of social and economic justice is especially likely to increase if the less developed countries (LDC) conclude that the US plans to link human rights to international economic issues.

The US already has been accused of defining human rights too narrowly in terms of civil and political

liberties and of being unwilling to do more than pay lip service to LDC demands that the economic and social rights of mankind be advanced by restructuring international economic relations so as to reduce the gap between the world's rich and poor nations. A key component of the LDCs' concept of this "new international economic order" calls for substantially increased LDC influence over the decision-making processes of international financial institutions. Indications that the US might seek to further its human rights objectives in these institutions even where their charters call for loan decisions to be made strictly on the basis of economic considerations will undoubtedly intensify LDC pressure for changes in voting procedures. The "North-South" dialogue, moreover, could become considerably more contentious generally if controversy over human rights were to severely damage US relations with nations (like Brazil) that have played significant moderating roles in the articulation of LDC demands.

The composition and strength of US human rights initiatives will also have an important bearing on whether and how the US stand affects the actual practices of other nations in the months ahead. US initiatives are likely to continue to prove effective in some situations--especially where governments eager to establish or maintain harmonious bilateral relations are confident enough about their internal security situations to risk ameliorative action--and counterproductive in others--where US pressure compounds existent insecurity and precipitates a fiercely nationalistic reaction that even local human rights advocates may be constrained to join.

Either way, the impact of the US stand is likely to be felt mainly at the margins, at least over the short term. Human rights practices around the world reflect underlying socio-cultural and political dynamics, including the peculiar imperatives of authoritarian rule.* Basic progress in alleviating human rights abuses will probably continue to depend mainly on whether totalitarian and authoritarian regimes increase their sense of security enough to moderate their practices or, perhaps, give way to effective democratic governments. [redacted] 25X1

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Brazilian Nuclear Intentions

The announcement by the Federal Republic of Germany that it has approved export licenses for the transfer of sensitive nuclear facilities to Brazil marked an important stage in the implementation of the 1975 FRG-Brazil nuclear accord. In light of Brazil's determination to acquire plants that could greatly facilitate an attempt to fabricate nuclear explosives, we assess Brazil's actual and prospective intentions in this area.

The Brazilian government does not appear to have plans to develop nuclear weapons at the present time. However, two factors could change this situation in the near future: the succession to the presidency after Ernes to Geisel of a more nationalistic and "hard-line" military figure, or heightened apprehensions about the ambitious Argentine nuclear program.

The current regime in Brasilia appears to have sincere economic and technical motivations for developing nuclear technology. Brazil's exposed energy position, which results from dependence on imports for 80 percent of its oil and the bulk of its overall energy requirements, is a strong incentive to develop nuclear power. Brazil has a formidable hydroelectric potential, but this source is probably inadequate to meet more than about a third of anticipated 1985 energy demands. Brazil also has a strong desire to catapult itself into the ranks of the technologically advanced, modern nations. It sees the access it would gain to high technology through the West German nuclear deal as a way of fulfilling these aspirations. Despite concerns voiced in some quarters that this very access to sensitive aspects of nuclear technology--specifically uranium enrichment and spent fuel reprocessing--would pose a nuclear proliferation risk, there is no reliable evidence that the current Brazilian government actually intends to divert the German facilities to military or explosive ends.

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ORGANIZATION AND FUNCTIONS OF CIVILIAN NUCLEAR SECTOR

Office of the President of the Republic
Definition of nuclear energy policy

Ministry of Mines and Energy
Planning, execution, and control of national nuclear energy policy

NATIONAL NUCLEAR ENERGY COMMISSION
CNEN

1. Standards and authorization for nuclear installations licensing

2. Standards on safety and protection during the construction and operation of nuclear installations and in the use of nuclear materials

3. Supervision and inspection of nuclear activities in the country

4. Nuclear scientific research

5. Training of scientists, engineers, and nuclear researchers

ELECTRIC POWER SERVICES CONCESSIONAIRES

1. Nuclear powerplant construction contract

2. Operation of nuclear powerplants

ELECTROBRAS

1. Advice on decision regarding concession to build and operate nuclear powerplants

2. Financing of nuclear powerplant construction

NUCLEBRAS

1. Monopoly in the prospecting, search and processing of nuclear minerals

2. Monopoly on production of uranium concentrates

3. Monopoly on the construction and operation of plants for:

uranium enrichment
fuel element production
uranium and plutonium reprocessing

4. Monopoly on sale of nuclear materials

5. Production of nuclear reactors

6. Assistance to provide industry in production of components for nuclear installations

7. Nuclear powerplant construction engineering for electric power service concessionaires

8. Assistance to electric power service concessionaires in operation of nuclear powerplants

9. Operation of nuclear technology institutes and research centers

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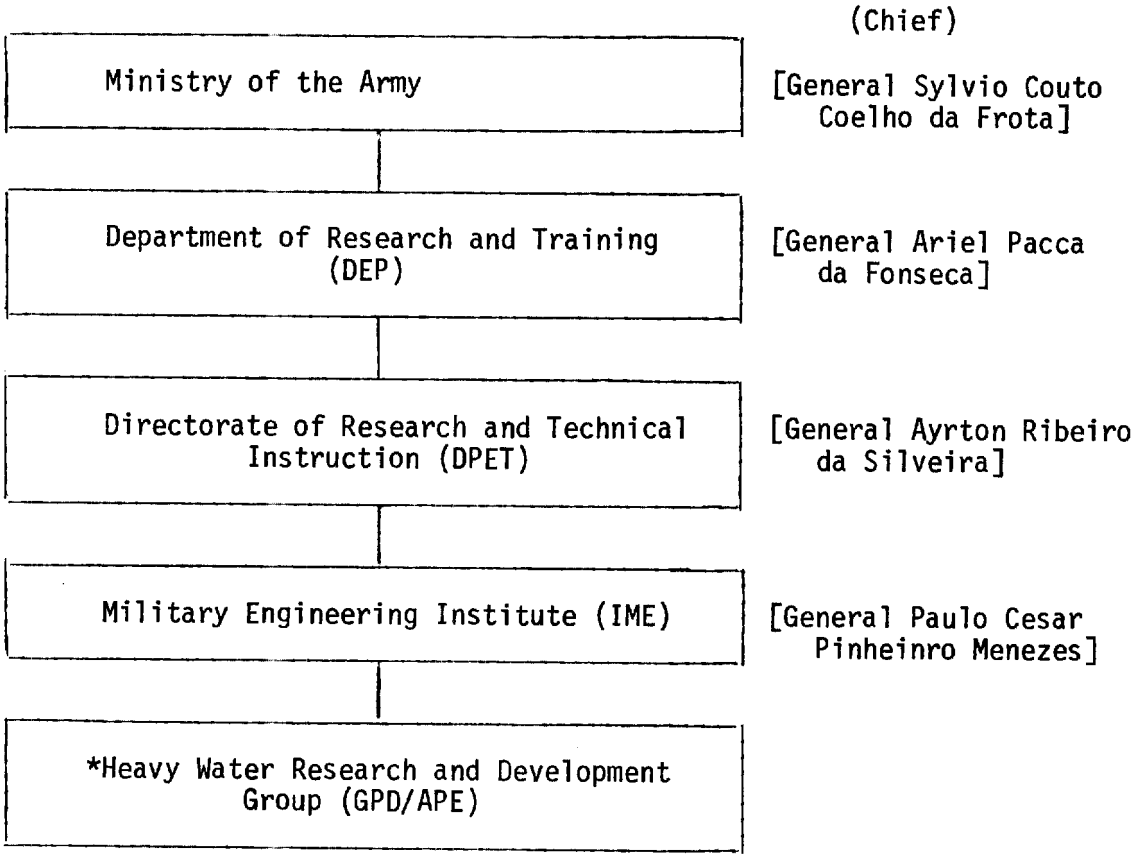
Brazil's stand opposing advanced military development of nuclear technology may be altered if present political patterns change or if the Argentine nuclear program progresses in a dramatic fashion. While attitudes of the most likely presidential candidates toward nuclear weapon development are not well known, some members of the Brazilian military establishment, from which Geisel's successor will be drawn, are likely to give more serious attention in the future to the military application of nuclear technology. If a highly nationalistic figure should ascend to the presidency in 1979, the chance of the Brazilian military for getting a green light on nuclear development would be increased.* The Argentine nuclear program is developing rapidly and may accentuate a long-standing rivalry with Brazil. Recent intelligence estimates indicate that Argentina, which is quickly moving to develop an independent fuel cycle, could conceivably produce a nuclear explosive within two years.

Neither Argentina nor Brazil is a Non-Proliferation Treaty (NPT) adherent. Brazil has complained that the NPT is discriminatory against nonweapon states and in the past indicated it wished to be free to develop its own nuclear explosives for peaceful purposes (PNEs). Brazilian political leaders are currently avoiding discussion of PNEs, probably to deflect attention from the fact they have not renounced this option. The PNE route is thus left open for the present and future governments to demonstrate Brazil's nuclear prowess, if a perceived need should arise.

** Geisel's successor will take office in March 1979 for a six-year term. If the West German nuclear agreement is carried out, Brazil will obtain all or most of the nuclear fuel cycle during that period. While there is little information on the attitudes of the major presidential possibilities toward nuclear weapons development, there are philosophical differences between two senior military leaders which could be pertinent. General Reynaldo Mello de Almeida, a political moderate and a man of intellectual bent, would most likely view nuclear technology as a tool to sustain Brazil's economic growth.* *(Footnote continued on following page.)*

MILITARY NUCLEAR SECTOR



* In the past has produced reports advocating development of nuclear explosives

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It appears unlikely that Brazil entered into its agreement with West Germany to purchase enrichment and reprocessing facilities with the firm intention of using them to build nuclear explosives. Indeed, there is some indication that President Geisel has specifically ordered that there be no discussion within the military of development of nuclear weapons. Geisel's views are probably not shared by all parts of the military establishment. The Armed Forces General Staff has emphasized the necessity of keeping part of Brazil's nuclear research structure free of safeguards, presumably to leave the nuclear explosives option open. While Geisel's wishes will probably not be openly challenged during the next two years, pro-nuclear views could remain latent now but emerge later. All the nuclear facilities sold under the 1975 accord with West Germany are to be covered by extensive international safeguards, more stringent than those provided by the NPT. Brazil even agreed not to duplicate the German facilities and not to use them to build PNEs. If the Brazilians later decide to develop a nuclear explosive facility, they might violate their agreements or draw indirectly on the acquired technology to construct indigenous facilities.

Thus Brazil's capability to build nuclear weapons will clearly be increased by implementation of the FRG deal. But Brazil will not necessarily "drift" into a nuclear weapons program. A decision to do so would be conscious and made at the highest levels, and probably only after considerable debate the consideration of the implications for Brazil's foreign relations.

** (Footnote continued from previous page.) He has publicly defended the West German agreement* [redacted] 25X1 25X1

The nuclear views of another presidential possibility, General Joao Baptista Figueiredo, are not a matter of record. He is chief of the National Intelligence Service and is associated with the "hard-line" conservative faction of the military. [redacted] 25X6

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Proposals that Brazil go ahead and develop purely national nuclear reactors have already been made by leading members of the Brazilian scientific community. These reactors would use natural (unenriched) uranium in heavy water or graphite moderated reactors. It is notable that the scientists making these suggestions are far removed from the centers of political power and not viewed with favor by the military regime. In fact, the mere suggestion that Brazil alter its plans for cooperation with West Germany along the agreed upon lines appears to have led to attempts by the Brazilian government to suppress these opinions.

Brazil's Angra I nuclear power plant (under construction)

Signs that Brazil might be more actively considering developing a nuclear explosive or weapons option have not yet been detected. The construction of indigenous unsafeguarded natural uranium reactors would be a critical benchmark. Other warning signals would be expansion of the nuclear engineering and research efforts of the Brazilian military. In the past the Brazilian military has had a small group working on heavy-water production. The head of this group was an active advocate of nuclear arms. He has not risen to political prominence, however, and his views appear to have carried little weight. A sudden increase in this individual's importance might signal a serious new interest by the military in the nuclear option.

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The Politics of the G-77: Near-Term Implications for the North-South Dialogue

This article examines some of the political factors likely to affect the outlook of key less developed countries (LDCs) toward the North-South dialogue for the remainder of this year, especially their views on the desirability of maintaining the cohesion of the G-77 as a single negotiating bloc.

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The basic finding discussed here is that important differences now exist among LDCs not only over what goals to pursue but also over commitment to the G-77 itself. These differences have contributed to a growing ambivalence on the part of some key LDCs toward the G-77 and a preference for shifting consideration of some North-South issues (especially debt relief, improved market access for LDCs, regulation of multinational corporations, and technology transfer) from CIEC and UNCTAD to bilateral and regional forums.

Though this tendency is likely to encourage less politicized discussions of North-South issues, the gap between the demands even of the moderate LDCs and the concessions of the industrial states could still prove unbridgeable. Thus, North-South tensions are likely to continue to complicate US relations both with the LDCs (especially over such issues as human rights and arms transfers) and with other industrialized countries (over how responsive they need be to LDC demands).

The "Group of 77"--now composed of 114 countries--has been the major institution through which the LDCs have maintained their solidarity in negotiations with the industrialized countries over demands for a "New International Economic Order" (NIEO). Thus far, the

leadership of the G-77 (see annex) has been remarkably successful in subordinating the differences among the LDCs--over both the appropriate tactics to use in such negotiations and the priorities attached to particular demands--for the sake of confronting the industrialized countries with a united front. But while most LDCs recognize that G-77 solidarity can have important tactical value in future negotiations, there is now evidence of increasing concern about whether the costs of maintaining G-77 solidarity might make it virtually impossible to reach sought after compromises with the industrialized countries. In a sense, this development reflects the continuing tension in the major LDCs between the belief that only through far-reaching changes in the international economic system can basic development problems be effectively overcome and the belief that bloc unity behind the NIEO should be played down in order to maintain the support of the industrialized countries for current modernization drives.

At the recent Common Fund negotiating conference in Geneva, for example, concern about the costs of bloc solidarity was voiced by spokesmen representing such influential members of the G-77 as Brazil, Argentina, Mexico, Indonesia, India, the Philippines, Ghana, Saudi Arabia, and Iran. These states appear to be worried that the compromises they would like to reach with the industrialized countries on measures to improve LDC export earnings, facilitate debt relief, and increase the role and authority of LDCs in international financial institutions will be impossible to negotiate within the framework of the G-77.

At Geneva, the more moderate and pragmatic LDCs found that maintaining G-77 solidarity required accommodation to the demands of a group of self-styled "radicals" (Libya, Pakistan, Mozambique, Guinea, Cuba) which oppose any form of compromise with the industrialized countries over NIEO demands. The necessity for such accommodation vitiated all efforts by the more moderate elements in the G-77 leadership (especially Indonesia and Ghana) to avert a confrontation over the Common Fund and effectively precluded any meaningful discussion of alternative proposals. Similar experiences have recently been reported at the LDC "prepcons" for the CIEC ministerial and for the establishment of the International Fund for

Agricultural Development. In addition, OPEC's rejection of a Venezuelan proposal to keep oil prices constant for LDCs along with Saudi Arabia's decision that its contribution to a Common Fund would be taken out of the Special Fund* have probably also contributed to second thoughts on the part of influential non-OPEC states regarding the value of G-77 solidarity.

These developments--coupled with the difficulty most of the LDC participants in the Conference on International Economic Cooperation (CIEC) are having in representing the entire G-77--appear to be contributing to a reappraisal by key LDCs of the utility of current channels in the North-South dialogue. Especially for the LDC moderates, there now appears to be a growing preference for dealing with North-South issues at the regional and bilateral rather than the global level. These LDCs also seriously doubt that the new US administration will be able (partly because of differences among the industrialized states themselves) to propose compromises that would satisfy the demands of the radicals. As a result, the moderates fear that there could be increased tension in North-South relations that would adversely affect the atmosphere of the CIEC and sharply politicize the next UN General Assembly.

Such tension would reinforce the ambivalence of the moderates toward the G-77 and the process of bloc politics it represents. Hence, the more pragmatic LDCs may feel that if there is to be any progress on the issues with which they are primarily concerned, alternatives to the CIEC and UNCTAD venues should be developed.

While global forums will continue to provide the setting for rhetorical confrontations on North-South issues, the LDCs seem likely to look increasingly to bilateral and regional relations for concrete progress toward their objectives vis-a-vis the industrial nations. However, the LDCs will still probably be seeking fundamental (i.e., systemic) changes in the international economic system and substantial transfers of wealth and power that most industrialized countries believe either

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* *The practical effect of this would be to reduce the total amount of funds available to those LDCs which are already receiving assistance from the Special Fund.*

impractical or unjustifiable. In addition, some LDC moderates may be concerned that efforts to deal with North-South issues at the regional and bilateral levels may be complicated by US initiatives in the areas of human rights, arms transfers, and nuclear proliferation. Thus, the tendency on the part of most LDCs to waver between support for a bloc politics approach to North-South issues and the search for less politicized ways to negotiate with the industrialized countries will probably continue to be a major factor in the political dynamics shaping the North-South dialogue in the period ahead.

25X1 [redacted] 25X1

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ANNEX

The G-77 was created at the first ministerial meeting of UNCTAD (Geneva, 1964) and has served as the LDCs' UN caucusing group in New York, Geneva, Rome, and Paris. While the formal chairmanship of the group rotates among three regional groupings (African, Asian, Latin American) and fairly frequently (every three months in Geneva), the states listed on the chart are considered by UNCTAD officials and US mission personnel to constitute the core of "influentials" who provide the leadership of the G-77. We believe that of this list Brazil, Argentina, India, Sri Lanka, Indonesia, Malaysia, the Philippines, Kenya, Ghana, and Zambia consider themselves to be the major advocates of compromise with the industrialized countries over the NIEO. These states also feel that it has been largely through their leadership that G-77 solidarity has been maintained despite the many differences which exist among LDCs over not only negotiating tactics but also over the priorities to be attached to specific demands. (Chart follows)

KEY LESS DEVELOPED COUNTRIES
IN THE NORTH-SOUTH DIALOGUE

	POPULATION (1977) millions	GNP p/c (1975 est.) US $	TOTAL EXPORTS (FOB, 1975) Million US $	TOTAL IMPORTS (CIF, 1975) Million US $	ROLE IN NORTH-SOUTH DIALOGUE
LATIN AMERICA					
Argentina	25.9	1,510	2,960	3,950	CIEC Participant
Brazil	111.7	830	8,655	13,657	CIEC Participant
Mexico	63.2	1,350	3,309	6,580	Author of CERDS, Host to G-77 Meetings on Third World Economic Cooperation; CIEC Participant
Peru	16.0	800	1,378	2,491	Host to UNIDO Meeting; CIEC Participant; Co-Chairman, CIEC Raw Materials Commission; Member, G-19 Working Group on the Problem of Indebtedness (WGPI)
Venezuela	12.4	2,280	9,500	6,000	OPEC Member, CIEC Co-Chairman
SOUTH ASIA					
India	635.0	140	4,500	6,100	CIEC Participant, WGPI
Sri Lanka	14.1	230	588	737	Host to Non-Aligned Nations Meeting
SOUTHEAST ASIA					
Indonesia	136.0	230	6,800	5,000	OPEC Member, CIEC Participant; WGPI; G-77 Spokesman at Common Fund Negotiations
Malaysia	12.4	670	3,600	3,700	Chairman,International Tin Council
Philippines	43.7	370	2,275	3,350	Host to G-77 Meeting; Chairman of G-77 at UNCTAD-IV; Host to IMF 1976 Meeting; Host to UNCTAD-V (1979)
AFRICA					
Algeria	17.6	730	4,440	5,860	Leading Spokesman for NIEO; Largest Contributor of Staff to G-77; CIEC Participant
Ghana	10.3	390	785	662	Leader of African Caucus of G-77
Ivory Coast	7.0	825	1,200	1,100	
Kenya	14.1	190	600	950	Host to UNCTAD-IV

	POPULATION (1977) millions	GNP p/c (1975 est.) US $	TOTAL EXPORTS (FOB, 1975) Million US $	TOTAL IMPORTS (CIF, 1975) Million US $	ROLE IN NORTH-SOUTH DIALOGUE
Nigeria	65.6	365	8,000	5,300	OPEC Member; CIEC Participant
Zaire	26.0	80	825	1,057	CIEC Participant
Zambia	5.0	470	780	845	CIEC Participant
MIDDLE EAST					
Egypt	38.5	300	1,570	4,590	President, World Food Council; CIEC Participant
Iran	34.5	1,510	19,900	13,300	Seeking to be Headquarters of IFAD; CIEC Participant
Saudi Arabia	7.5	5,530	28,600	6,500	Has linked oil prices to progress on North-South issues; recently doubled its financial support of UNCTAD and regional development programs; viewed by most other LDCs as key country to success of Third World Economic Cooperation Movement; CIEC Participant

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Less Developed Country Demands for Technology Transfer

Less developed country (LDC) demands for technology transfer from the developed countries have been an integral part of calls for a New International Economic Order (NIEO) and are likely to continue to be voiced in a variety of international forums during 1977. These demands reflect the increasing awareness of LDC leaders that technology can be a powerful instrument of social change and an important element of economic as well as political and military power. A document stating the technology policies of the Andean Pact declares, for example, that "Technological superiority has political significance and is a key factor in the exercise of power." By obtaining their own technological base, LDCs hope to reduce the extent to which they are the targets of such power as exercised by the developed countries. However, even in the event of substantial responsiveness on the part of the industrial countries, the LDCs' goals in this area are unlikely to be attained unless they effectively allocate sufficient resources of their own to make possible the absorption and further development of foreign technologies.

The demands made in Manila by the Group of 77 indicate the range of LDC concerns regarding technology transfer:

--The developing countries should give consideration, at the national level, to formulation of a national development plan and the establishment of institutional machinery including national centers for the development and transfer of technology.

--The developed countries and competent international institutions should provide the least developed countries with the necessary assistance for establishing institutions for applied technology, with the aim of

developing indigenous technologies and promoting the adaptation of imported technologies to national requirements.

--In order to compensate for the "brain drain" resulting from the exodus of trained personnel from the developing countries, arrangements should be made by the developed countries to provide on a cost free basis, the necessary financial means to create the infrastructure to retain qualified personnel in developing countries.

--Adoption of a multilateral code of conduct for effectively regulating the transfer of technology that will be a legally binding instrument.

--The developed countries should grant the developing countries unrestricted access to existing technology irrespective of ownership of such technology. In addition, the Paris Convention on Industrial Property should be amended so as to meet the needs of the developing countries.*

The first three demands demonstrate a clear recognition by the LDCs of their need for infrastructures and plans for developing their own technology as well as assimilating imported technology. The LDCs go further and demand assistance from the developed countries in building such infrastructures. Yet, of themselves, they only promise to "give consideration" to the planning and establishing of the infrastructure. Unless the recipient makes a specific and considerable effort to create an infrastructure, however, his assimilation of a new technology cannot become effective.

Among LDCs, such required preparatory efforts would include a wide allocation of resources of capital, manpower, education and training, organization building,

* *Manila Declaration and Programme of Action, Note by the Secretary General of the United Nations Conference on Trade and Development, TD/195, 12 February 1976, (emphasis added).*

and time. This is a costly and long-range commitment, the extent of which depends on the level of technological development that an individual country starts from and on its specific objectives. Until the required infrastructure is ready, the mere acquisition of new technological knowledge and assistance will be of limited utility. Therefore, if the LDCs are serious about building and using their own technological bases, then the burden is on them first to make the necessary preparations for absorbing the outside help. Otherwise, their demands from the developed countries and their goal of achieving at least 25 percent of the world manufacturing production by the year 2000 are likely to remain mostly rhetoric.

One measurement of the amount of assistance desired from the developed countries is the demand that the least developed countries be brought up to a technological level at which trained personnel will have sufficient professional incentives to stay and work in their own countries. Fulfilling this demand would not only be much more costly than the benefits the developed countries gain from the brain drain (which are estimated by the LDCs to amount to several billion dollars by now) but it is also unrealistic because even the developed countries cannot always maintain equally balanced professional incentives among themselves. Furthermore, incentives for immigration go beyond professional working conditions and opportunities so that improving those is not necessarily going to stop the brain drain.

The demand for a code of conduct regulating the transfer of technology that will be legally binding is not likely to be a very effective instrument. One reason is that there is no international organization that can enforce such a code. But more important, the transfer of technology can be much more successful when spurred by voluntary action and incentives rather than controlled by regulations. Some regulation, preferably on a national level, is advisable in order to keep the process within equitable limits, but over-regulation is most likely to accomplish the opposite and stifle the process. The key to success seems to be an environment of mutual trust with minimal economic and political risk for both donors and recipients.

The demands for unrestricted access to technology, irrespective of ownership, and for corresponding changes in the status of industrial property pose a serious problem of institutional incompatibilities. While the seat of most technological knowledge in the non-communist developed countries is in private enterprises, governments are the most prevalent instrument for technology development and transfer in many of the LDCs. Negotiations between a multitude of private companies on one side and a government on the other usually is much more tedious and complicated than a government-to-government or enterprise-to-enterprise interaction.

The developing countries, however, claim that in negotiations between enterprises in developed and developing countries, the former impose unfair restrictions that increase the expenses and limit the activities of the technology recipients. Furthermore, many enterprises in the developing countries lack sufficient knowledge and experience to negotiate on an equal basis with advanced foreign enterprises. Therefore, the LDCs insist that their governments should assist their developing enterprises in negotiations on a national or regional basis. The danger is that too much government heavy-handedness and regulation might turn foreign companies away.

The alternative of government-to-government interaction has only a limited scope because the developed countries can be of assistance primarily in the organizing of institutions in such areas as education, defense and, to a certain extent, agriculture. Most of the current industrial technology in the developed countries is private property which is protected by law against unauthorized use and, as much as the LDCs want it, no government can legally give it away.

The United Nations Conference on Trade and Development estimates that the direct foreign exchange cost of transfers of technology to the developing countries--covering only payments for patents, licensing, know-how, trademarks and consulting services--may have reached a total of $1.5 billion by the end of the 1960s.* The

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* *Major Issues Arising from the Transfer of Technology to Developing Countries, Report by the United Nations Conference on Trade and Development, TD/B/AC.11/10/Rev.2, New York, 1975, pp. 1.*

same report states that if the targets of the Second UN Development Decade are to be attained, the payments could well grow six-fold by the end of the 1970s. The complaint of the LDCs against the international patent and trademark systems is that they are based on the principle of "reciprocity between contracting parties," similar to that governing international trade relations. They maintain that such equal treatment between unequal countries benefits the more powerful and accentuates the problems of the less advanced. The LDCs want to replace this principle with another based on preferential treatment for the weaker countries. But if carried to extreme, the principle of preferential treatment might undermine the principle of private property. Furthermore, if international patents are put in danger of losing much of their commercial values, investors are very likely going to resort to secrecy, which will make the process of technology transfer to LDCs much more difficult and, thereby, defeat the LDCs' purpose.

An effective process of technology transfer to LDCs will require a long time and many resources until the recipients cannot only assimilate existing technologies but, more important, adapt and develop them further for future need. Both developing and developed countries have some valid, although conflicting, demands and complaints. In addition, if some past practices and demands for the future are carried to extremes, they are bound to cause more harm than good. Therefore, it seems that an environment of moderation and cooperation might be beneficial for both sides. [redacted] 25X1

25X1

The North-South Dialogue and Indonesia

The recent visit to the United States of Widjojo Nitisastro, Indonesian Minister of State for Economy, Finance and Industry, and Chairman of the National Development Planning Board was meant, in part, to underscore the importance that key less developed countries (LDC) attach to the North-South dialogue. Because the objectives of its foreign economic policy are closely linked to its domestic development goals, Indonesia's approach to the North-South dialogue has probably been the most closely coordinated of the Suharto government's foreign policies. Devised largely by the same technocratic ministers who formulate domestic economic policy, foreign economic policy has taken precedence over other more strictly political objectives, and the importance attached to it permeates every issue in which relations with the US and other industrial nations are involved. However, growing opposition to these technocrats on the part of other Indonesian elites could produce some reordering of priorities in the future.

Indonesia, which has been an advocate of Third World unity since the 1950s, is an active supporter of LDC demands for a "New International Economic Order." President Suharto's personal interest in the basic premises of the North-South dialogue resulted in the formation of a cabinet-level committee composed of key economic advisers. This committee produced a policy paper on the NIEO in August 1975 in preparation for the 7th Special Session of the UN General Assembly. Since then, Indonesia has frequently acted as a major spokesman for the LDCs at meetings of UNCTAD and the Conference on International Economic Cooperation (CIEC). Despite its dependence on external economic factors for stability and growth, Indonesia also has been outspokenly critical of multinational corporations and has joined other developing nations in demanding major reforms of international financial institutions. In its final report to President Suharto, however, the cabinet-level committee on the NIEO placed considerable stress on a non-confrontational approach to LDC dealings with the industrial

nations, and recent speeches by Suharto and by Minister Widjojo have reiterated this desire for cooperation.

The need to maintain a posture in support of NIEO which does not endanger its economic and financial links with industrial nations will probably continue to be a moderating force on Indonesia's position in the North-South dialogue. Indonesia has relied heavily on industrial nations for development assistance and markets for its few critical raw materials--crude petroleum, rubber, tin, timber, and copper--and the government does not feel it can afford to alienate these nations by adopting radical tactics to achieve the NIEO. While Indonesia joins other developing countries in seeking relief from commercial and official debts (its debt-service payments have reportedly reached the level of 20 percent of its foreign exchange earnings), it also realizes that its credit-worthiness and continuing ability to borrow internationally could be harmed by vigorous advocacy of automatic debt-relief proposals. Finally, Indonesia has encouraged private foreign capital investment, particularly in the oil sector, and will be cautious lest its pronouncements on the need for an NIEO damage the climate for foreign investment.

Led by Minister Widjojo and Minister of State for Research Sumito Djojohadikusumo, the technocrats who head most government departments are convinced that more active support of the NIEO will not jeopardize Indonesia's ties with the industrialized nations. Mostly US-educated, they have been responsible for rehabilitating Indonesia's economy since President Suharto took power in March 1966. Suharto, whose support is the technocrats' sole power base has until recently backed them wholeheartedly on both domestic and international issues. Last year, for example, he relied heavily on the technocrats' advice and, following the Saudi Arabian example, approved renegotiation of oil production-sharing contracts with foreign oil companies from a 60-40 to an 85-15 split favoring Indonesia.

But while they are expert economic theorists, the technocrats proved to be woefully inept businessmen lacking a basic appreciation of the commercial side of the Indonesian oil enterprise. The net effect of the renegotiations was to reduce the incentives to explore

and invest by the companies to the detriment of both the domestic prestige of the technocrats and the country's overall investment climate. As a result, opposition to the technocrats' leadership has increased. Private businessmen and military officials, who engage in commerce to supplement inadequate budgets, criticize the technocrats' emphasis on a unified, centrally planned system and restrictions on foreign private investment outside the oil sector. They feel that the technocrats have relied too heavily on advice from the IMF/World Bank and donor nations of the Intergovernmental Group on Indonesia (IGGI) and have ignored the development of domestic private and public commerce.

Other nationalist and Moslem critics believe the technocrats have emphasized growth at the expense of social equity and have, in effect, "sold out" to Western theories of economic development which are proving harmful to Indonesia. They would prefer an independent, indigenous strategy of development. In addition, the military debacle in East Timor in 1975-76 has convinced many military planners that defense should receive a larger share of the national budget, at the expense of some of the technocrats' capital-intensive development projects.

These trends could result in a challenge to the leadership of the technocrats and lead to a reexamination of Indonesia's domestic and foreign economic policies. While in itself such a development might not necessarily produce a dramatic change in Indonesia's desire to see an NIEO, the political pressures that precipitated it could weaken Indonesia's capacity to remain a leader in the North-South dialogue.

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25X1

UN Water Conference

The United Nations Water Conference, convened for two weeks last month in Mar del Plata, Argentina, considered how best to manage the global supplies of water in the face of mounting requirements from the worldwide growth of population, agriculture, and industry. The meeting was the most comprehensive international attempt made so far toward responsible water usage. Although no significant new approaches were adopted, concern about water among the 117 country delegations was translated into a series of proposals for potentially useful action at the national, regional, and international levels.

The Mar del Plata conference is one in a series of UN-sponsored meetings of governments to address critical resource-oriented problems confronting mankind. Previous meetings have dealt with the environment (Stockholm 1972), food (Rome 1974), population (Bucharest 1974), and human settlements (Vancouver 1976). A conference on "desertification" (the encroachment of deserts) is scheduled for August 29 to September 9, 1977 in Nairobi, and one on science and technology for early 1979 at a yet to be determined site.

There was remarkable accord among countries when the water conference settled down to grappling with the problems of development, control, and use of fresh water. Because of intense behind-the-scenes work, potentially contentious issues that could have detracted from the spirit and purpose of the conference were not raised or were limited to brief exchanges. Argentina and Brazil held to an apparent preconference agreement to defer their dispute over the Itaipu hydroelectric project on the Parana River. Bangladesh, despite rapidly declining water levels in the Ganges River, did not attack India for its upstream diversion of water supplies. Nor did Iraq complain about Syria's usage of the Euphrates' waters.

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Some political disagreements did surface: Panama denounced the United States for its "exploitation" of water resources in the Panama Canal Zone, but the resolution finally drafted and passed by consensus came close to US policy statements. And an Arab-Israeli dispute briefly flared when Israel protested the presence of the Palestine Liberation Organization at the conference.

Community water supply emerged as a priority concern among the participants. The United Nations estimates that at least 20 percent of the world's urban population and 75 percent of the rural population currently lack reasonably safe supplies of drinking water. The conference has a special responsibility to follow up on the resolution approved at the Vancouver human settlements conference which called for a worldwide effort to make potable water available for everyone, by 1990 if possible. The consensus, however, was that it was not possible to achieve this goal. Instead, 1980-1990 was declared an international decade of water supply and sanitation, following two years of review of present goals. Agreement was reached that greater attention should be focused on the rural poor, a significant departure from present priorities in developing countries.

The delegates worked extremely hard to avoid confrontation on shared water resources. A resolution was passed aimed at coordination of water policy among the users of shared resources, thus reducing the chances that major water works on transnational rivers will be planned or implemented without greater concern about impact on downstream countries.

A principal African-bloc goal in the conference was the creation of an international fund by the developed countries to finance water resource research and development in the Third World. Extensive African lobbying drew few supporters, and a substitute resolution was passed which called for a study by the UN Secretary General of ways to mobilize additional funding and to improve the effectiveness and coordination of water programs based on the use of existing institutions.

In sum, the conference has taken a significant step toward increasing the awareness of the need for international cooperation in water management. Remarkably

free from polemics, the Mar del Plata meeting stayed on track through most of the two-week session. It may have set a tone and style that will carry over into future international conferences and forums, particularly negotiations on potentially contentious North-South issues.

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